

Message Text

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51

ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 TRSE-00 DODE-00 SS-20 NSC-10

NSCE-00 EB-11 H-03 ACDA-19 EURE-00 INRE-00 USIE-00

CIAE-00 PM-07 INR-10 L-03 NEA-10 NSAE-00 PA-04 RSC-01

PRS-01 SPC-03 SAJ-01 OMB-01 DRC-01 /131 W

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O R 201826Z DEC 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 9413

INFO USMISSION NATO BRUSSELS

C O N F I D E N T I A L BONN 18307

DEPT PASS URGENTLY TO UNDER SECRETARY CASEY

DEPT PASS TREASURY AND DEFENSE

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: OFFSET NEGOTIATIONS

REF: A) STATE 246929; B) BONN 17609; C) BONN 15138;

D) BONN 14542

1. EMBASSY ECONOMIC-COMMERCIAL MINISTER AND ACTING
TREASURY ATTACHE PRESENTED SUBSTANCE OF REF A TO
AMBASSADOR HERMES OF THE FRG FOREIGN OFFICE.

2. HERMES REPLIED THAT HE HAD NO AUTHORITY TO AND
COULD NOT ADD ANYTHING AT ALL TO THE FRG'S POSITION ON
OFFSET. HE STRESSED THAT HE COULD NOT EVEN CONTINUE
THE OFFSET NEGOTIATIONS UNLESS HE RECEIVED NEW
NEGOTIATING*AUTHORIZATION FROM THE FRG CABINET.

3. HERMES IS VERY RELUCTANT TO PLEAD WITH THE CABINET
FOR THIS AUTHORIZATION UNTIL THE USG ANSWERS THE
QUESTIONS RAISED ON THE JACKSON-NUNN AMENDMENT (REF B)

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AND PROVIDES A RESPONSE TO THE DM L.5 BILLION THE FRG

SPENDS ANNUALLY IN SUPPORT OF THE USFORCES OUTSIDE OF THE OFFSET AGREEMENT (REFS C AND D). HERMES IS POSITIVE THAT THESE QUESTIONS WOULD BE RAISED BY THE CABINET AND SAID HE WOULD BE UNABLE TO PROVIDE ANY ANSWERS.

4. EVEN IF THE CABINET GRANTED HIM THE NEGOTIATING AUTHORITY, HERMES FEELS THAT NO PURPOSE WOULD BE SERVED BY AN OFFSET ROUND UNTIL AFTER FRG FINANCE MINISTER SCHMIDT AND TREASURY SECRETARY SHULTZ DISCUSSED OFFSET ONCE AGAIN. (HERMES MENTIONED THAT SCHMIDT AND SHULTZ WOULD PROBABLY BE ATTENDING THE SAME INTERNATIONAL MEETING IN MID-JANUARY.)

5. HERMES TOLD US THAT AT THE LAST FRG FEDERAL SECURITY COUNCIL MEETING THERE WAS NO REPEAT NO PREPAREDNESS TO OFFER ANY MORE UNDER OFFSET. EXCEPT FOR SCHEEL, HERMES SAID THAT THERE IS NO OTHER CABINET SUPPORT FOR OFFSET. FRG CABINET MEMBERS SAY THAT AS FAR AS THEY CAN TELL, NO DEPARTMENTS IN EITHER GOVERNMENT ARE INTERESTED IN OFFSET EXCEPT THE STATE DEPARTMENT AND THE GERMAN FOREIGN OFFICE.

6. THE CABINET IS CONFUSED ABOUT THE RELATIONSHIP BETWEEN NATO BURDENSARING AND THE OFFSET. IT IS TOTALLY UNSURE OF THE EFFECTS OF THE JACKSON-NUNN AMENDMENT AND MANY MEMBERS QUESTION WHETHER HAVING AN OFFSET OR NOT WILL MAKE ANY DIFFERENCE IN THE LEVEL OF TROOP WITHDRAWALS. CABINET MEMBERS CONSIDER THAT IT IS NOT POSSIBLE FOR THE FRG TO MAKE UP THE TOTAL OFFSET GAP WITH HARD ITEMS AND THEY CERTAINLY HAVE NO EXPECTATION THAT THE OTHER ALLIES WILL FILL SUCH A GAP. IN THIS SITUATION, FRG MINISTERS WONDER WHETHER WE WILL NOT BE OBLIGED, IN ANY EVENT, TO CUT BACK ON OUR TROOPS IN EUROPE TO MEET JACKSON-NUNN REQUIREMENTS.

7. HERMES IS VACATIONING IN SWITZERLAND OVER THE HOLIDAYS AND WOULD WELCOME UNDER SECRETARY CASEY SHOULD HE BE IN EUROPE AT THAT TIME. WHILE HE IS READY TO MEET WITH UNDER SECRETARY CASEY IN MID-CONFIDENTIAL

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JANUARY, A NEGOTIATING SESSION IS OUT OF THE QUESTION IN VIEW OF THE FOREGOING CONSIDERATIONS.

8. ACTION REQUESTED: IT IS OBVIOUS THAT WE ARE AT AN IMPASSE IN THE OFFSET NEGOTIATIONS AND THAT THE GERMAN UNCERTAINTIES OVER THE JACKSON-NUNN AMENDMENT MUST BE QUICKLY OVERCOME. WE URGE THAT IMMEDIATE PRIORITY BE GIVEN TO REPLYING TO HERMES' QUESTIONS ON

JACKSON-NUNN AND ON THE GERMAN CONTRIBUTIONS OUTSIDE
OF OFFSET.
HILLENBRAND

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